

# An Employers Guide to 2014: Deciphering Obligations and Coverage Options under the Affordable Care Act



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OF COMMERCE**



# What this presentation will cover:



- The new world of coverage in 2014
- Employer obligations under the ACA
- Employer coverage requirements and penalties in 2014
- Preparing for the opportunities and challenges ahead: key takeaways for employers and individuals



# The ACA in 2014



## THE NEW AVENUES TO COVERAGE



# What happens in 2014?



- Insurers prohibited from denying coverage due to a pre-existing condition AND Individuals must obtain health insurance
  1. Their employer
  2. The private market
  3. The Exchange, or
  4. Medicaid/Medicare
- Employers (50 and over) must offer affordable coverage to all full-time employees
- Coverage begins on the Exchange
- Medicaid expansion takes effect



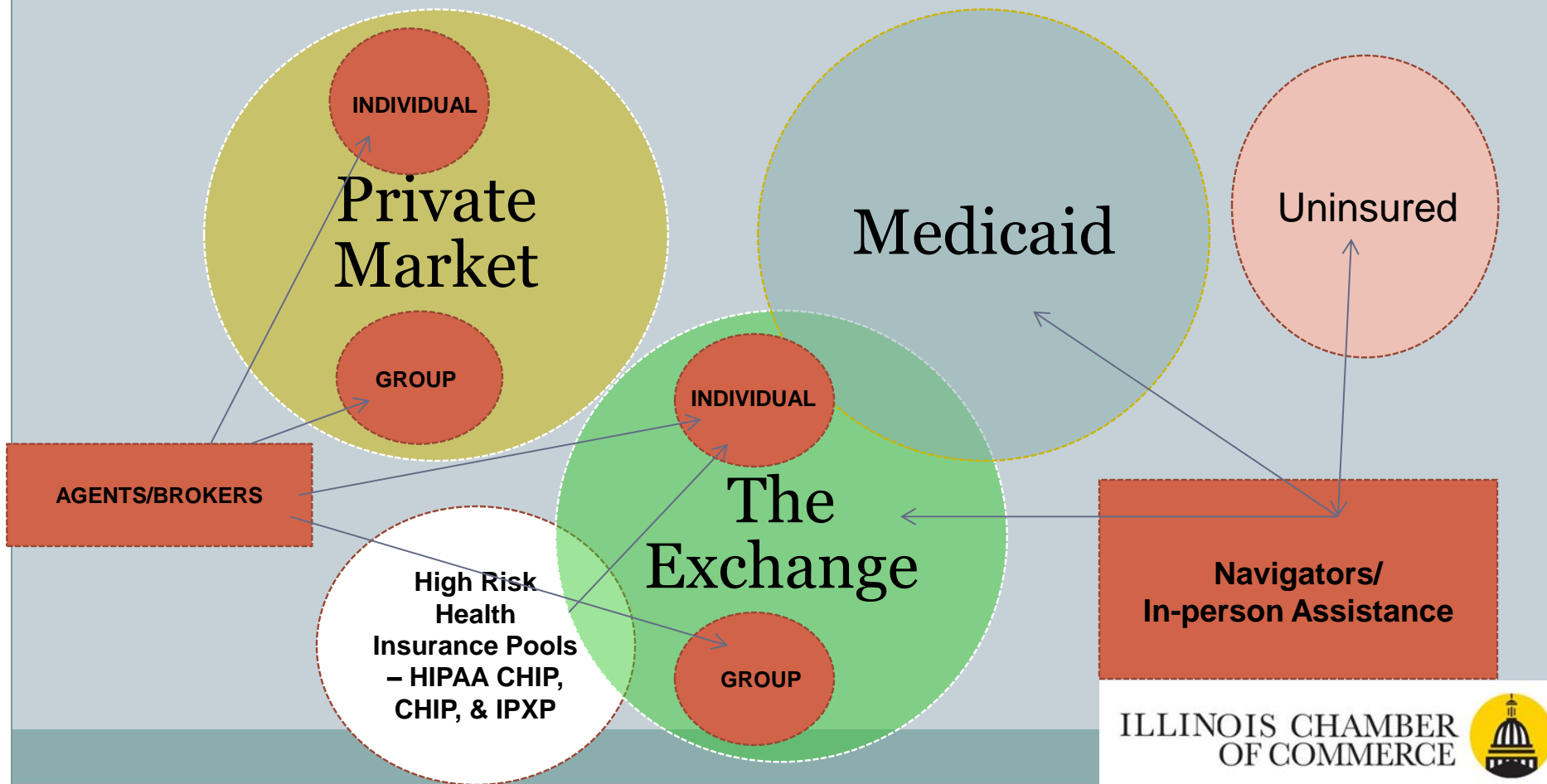
# What else happens in 2014?



- New market rules and insurance underwriting provisions
- New premium and cost-sharing subsidies available on the exchange
- Plan compliance with essential health benefits, cost-sharing requirements
- New health insurance tax

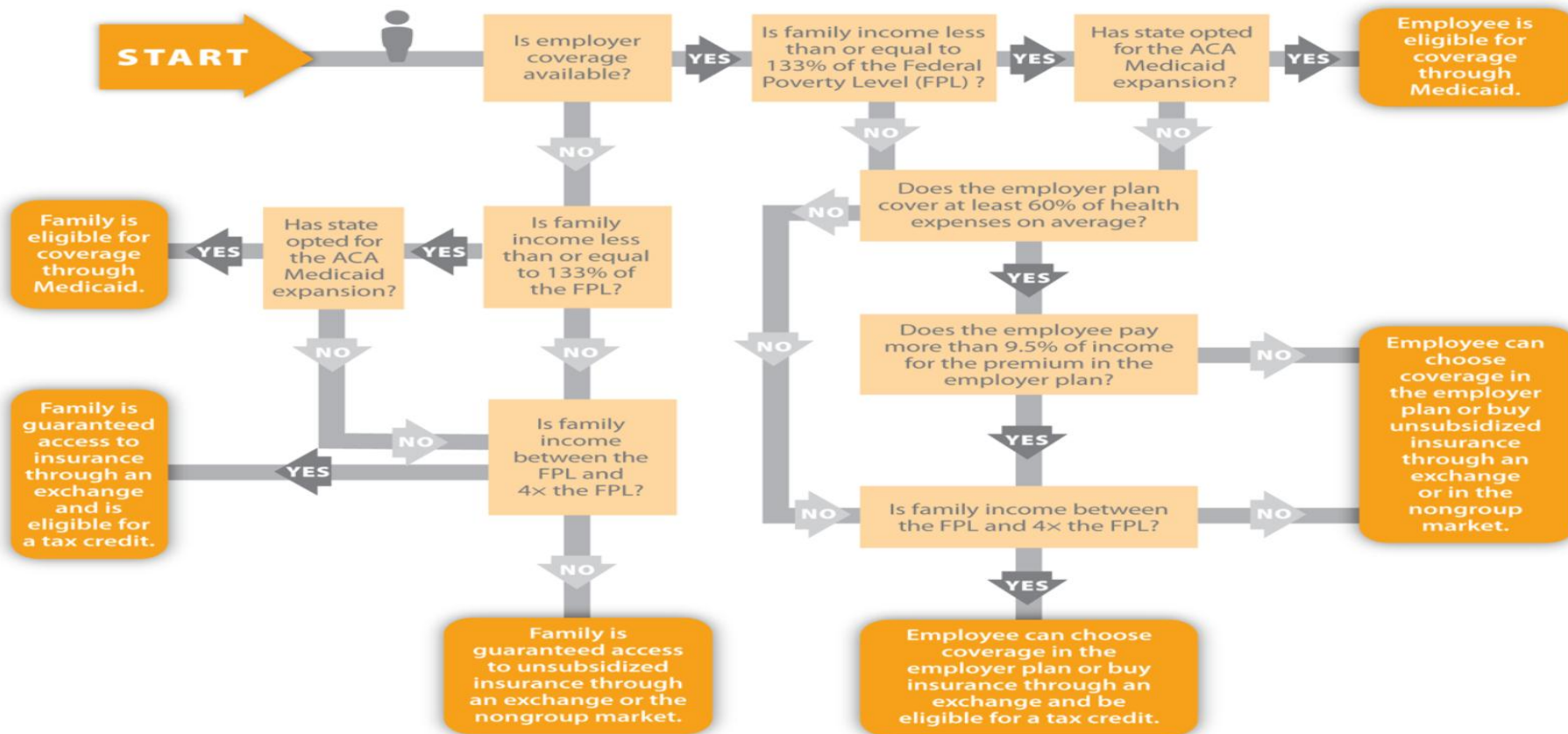
# The Coverage Landscape in 2014

**What are the mechanisms that will shape this landscape in 2014?**



# HEALTH COVERAGE UNDER THE AFFORDABLE CARE ACT (ACA)

## How to Get Coverage Beginning in 2014



### KEY FACTS

- The FPL in 2012 is \$11 170 for a single individual and \$23 050 for a family of 4.
- In 2012 employees paid \$951 on average towards the cost of single coverage in an employer plan and \$4316 for a family of 4.

### NOTES

- Some states may have higher income eligibility levels for Medicaid.
- In general, individuals who are currently eligible for Medicaid in their state of residence (who are mostly parents and children today) will continue to be eligible for Medicaid after ACA implementation. Those below 133% of the FPL who will be newly eligible for Medicaid after implementation are mostly adults without dependent children.
- For a discussion of the tax credit that may be available for insurance purchased through an exchange, please see Levitt L. "The Middle Class Tax Break Hardly Anyone Is Talking About." *The JAMA Forum*. <http://tinyurl.com/chogalp>. August 2, 2012.
- In some cases, children may be eligible for public coverage through Medicaid or the Children's Health Insurance Program (CHIP) while their parents are covered through an employer or an exchange.
- Undocumented immigrants are ineligible for Medicaid and may not purchase coverage in an exchange or receive a tax credit.
- In general, people are required to obtain coverage or pay a penalty, but those whose health insurance premiums exceed 8% of family income (after tax credits or employer contributions are taken into account) will not be penalized if they choose not to purchase coverage.
- Final regulations specifying how dependents of workers with employer coverage available are treated have not yet been issued. Draft rules indicate that the affordability of employer coverage (ie, whether it costs more than 9.5% of income) will be based on the required premium for a single worker rather than family coverage.
- Small businesses may choose to buy insurance through newly created Small Business Health Options Program (SHOP) exchanges or directly from insurers.

# The Individual Mandate



*Beginning in 2014, all individuals (with some qualified exemptions) are required to obtain health insurance coverage.*

## **Penalty Levels**

*(Penalties are paid per adult in household with 50% penalty applied per child in the household, with cap of \$2,250 per family)*

**2014** – Greater of \$95 or 1% of taxable income

**2015** – Greater of \$325 or 2% of taxable income

**2016** – Greater of \$695 or 2.5% of taxable income





# The Employer “Mandate”



*Each employer with 50 full-time equivalent (FTE) employees must offer coverage minimum essential coverage to its full-time employees (and dependents). Failure to do so could result in a penalty.\**

## **\*Ways the Penalty Applies**

- 1. Employer does not offer coverage & *at least one full-time employee receives premium assistance on the exchange***
- 2. Employer does offer coverage, but coverage is unaffordable & *at least one full-time employee receives premium assistance on the exchange***



# Premium Assistance & Cost-Sharing Subsidy



- **Premium assistance** – available to individuals/families between 100% and 400% FPL that do not have access to affordable employer-sponsored coverage to lower premium costs for plans on the exchange.
- **Cost-sharing subsidy** – available to individuals/families between 100% and 400% that do not have access to affordable employer-sponsored coverage to limit the selected plan's out-of-pocket costs.



# Premium Assistance & Cost-Sharing Subsidy



## Premium Assistance

Household Income	Premium Limit (as a % of Household Income)
100 – 133% FPL	2% of income
133 – 150% FPL	3-4% of income
150 – 200% FPL	4-6.3% of income
200 – 250% FPL	6.3-8.05% of income
250 – 300% FPL	8.05-9.5% of income
300 – 400% FPL	9.5% of income

## Cost-Sharing Subsidy

Household Income	Reduction in Out-of-Pocket Liability*
100 – 200 % FPL	2/3rds of max
200 – 300% FPL	1/2 of max
300 – 400% FPL	1/3 <sup>rd</sup> of max

\*Cost-sharing limits based on Health Savings Account qualified health plan maximum out-of-pocket cost limits for 2013 - \$6,250 for single and \$12,500 for family – limits indexed to CPI post-2014.

# Small Employer Tax Credit in 2014



- Small Employers – 25 employees or less
  - Avg. annual wages cannot exceed \$50,000
  - Employer premium contribution = 50% or more
- Tax credit available in tax years 2014 – 2016
  - Up to 50% of employer contributions
  - Up to 35% of employer contributions for tax-exempt employers



# The Exchange

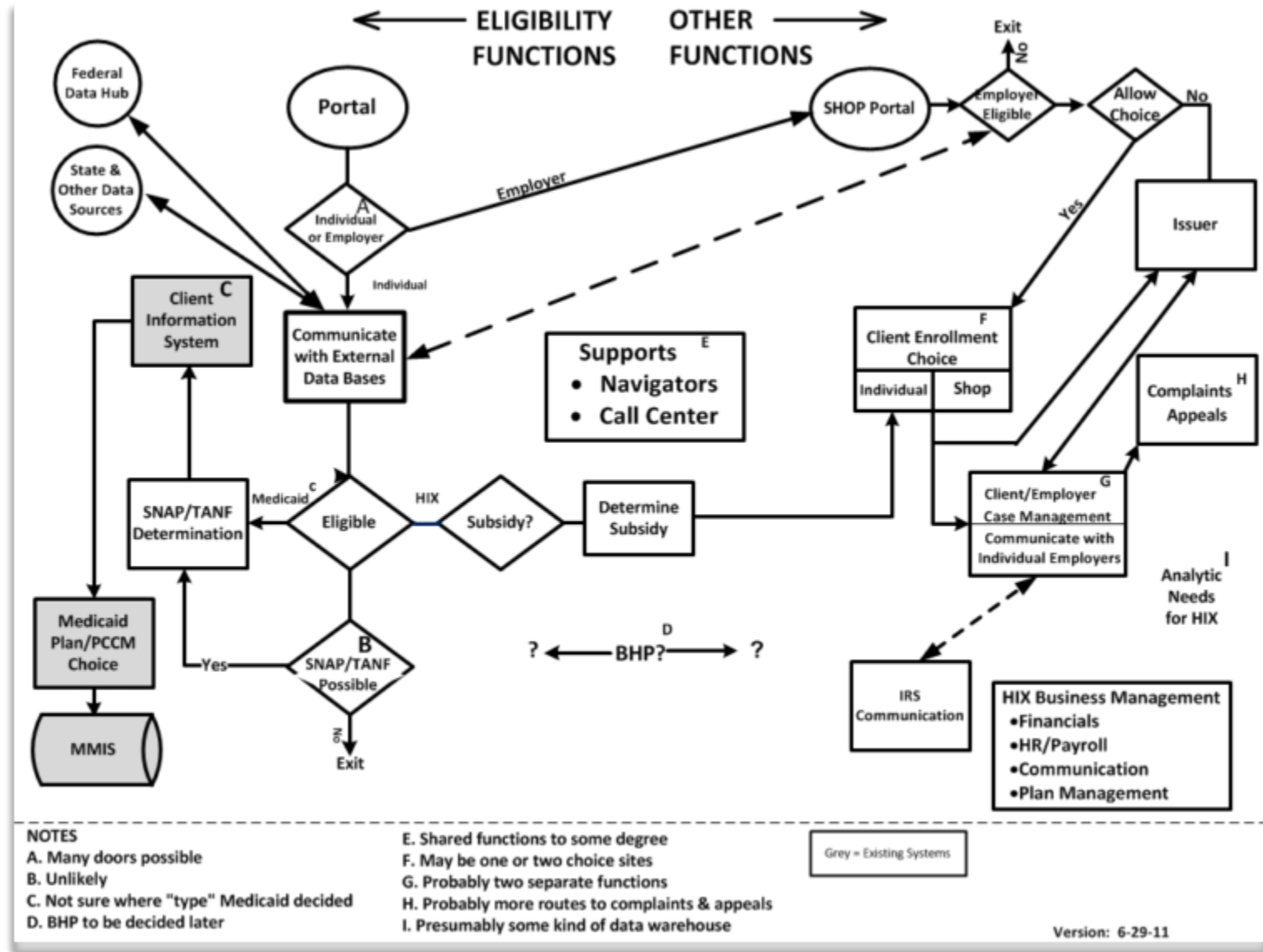


## **What is an Exchange:**

An Exchange is a mechanism for organizing the health insurance marketplace to provide more centralized access to benefit options for consumers – individuals and small employers. The health benefits exchange is a key provision of the federal Patient Protection and Affordable Care Act (ACA) where its stated goal is to provide a more efficient and competitive market for individuals and small employers.



# THE EXCHANGE – THE IT PERSPECTIVE



From IL/DOI Level 1 Establishment Grant Narrative



# THE EXCHANGE – THE USER PERSPECTIVE

Sort plans by Benefits package ▼

## You've selected

### Benefits package

- ☒ Bronze
- ☒ Silver
- ☒ Gold

### Narrow by provider

[Search for your doctor...](#)

Only show plans that include your doctor, nurse practitioner, hospital or health center.

### Narrow by monthly cost

- \$301 - \$400 (0)
- \$401 - \$500 (0)
- \$501 - \$600 (0)
- \$601 - \$700 (0)
- \$701 - \$800 (0)
- \$801 - \$900 (1)
- Greater than \$900 (46)

### Narrow by insurance carrier

- BMC HealthNet Plan (6)
- Blue Cross Blue Shield of Massachusetts (6)
- CeltiCare (6)
- Fallon Community Health Plan (11)
- Harvard Pilgrim Health Care (6)
- Neighborhood Health Plan (6)
- Tufts Health Plan (6)

Show Plans. Then choose up to 3 to compare. Click **Continue** at bottom.

	Monthly Cost	Annual Deductible	Annual Out of Pocket Max.	Doctor Visit	Generic Rx	Emergency Room	Hospital Stay
<b>STANDARD BENEFITS FOR ALL BRONZE LOW PLANS</b>							
<b>Bronze Low Benefits Package</b> 8 plans available	as low as <b>\$898</b>	\$2,000 (ind.) \$4,000 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	annual deductible, then \$25 copay	annual deductible, then \$15 copay	annual deductible, then \$100 copay	annual deductible, then 20% co-insurance
<a href="#">Show Plans</a>   <a href="#">About Bronze Low</a>							
<b>STANDARD BENEFITS FOR ALL BRONZE MEDIUM PLANS</b>							
<b>Bronze Medium Benefits Package</b> 8 plans available	as low as <b>\$990</b>	\$2,000 (ind.) \$4,000 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	\$30 copay	\$10 copay	annual deductible, then \$150 copay	annual deductible, then \$500 copay
<a href="#">Show Plans</a>   <a href="#">About Bronze Medium</a>							
<b>STANDARD BENEFITS FOR ALL BRONZE HIGH PLANS</b>							
<b>Bronze High Benefits Package</b> 8 plans available	as low as <b>\$1,041</b>	\$250 (ind.) \$500 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	\$25 copay	\$15 copay	\$150 copay	annual deductible, then 35% co-insurance
<a href="#">Show Plans</a>   <a href="#">About Bronze High</a>							
<b>STANDARD BENEFITS FOR ALL SILVER LOW PLANS</b>							
<b>Silver Low Benefits Package</b> 8 plans available	as low as <b>\$1,297</b>	\$1,000 (ind.) \$2,000 (fam.)	\$2,000 (ind.) \$4,000 (fam.)	\$20 copay	\$15 copay	annual deductible, then \$100 copay	annual deductible, then no copay
<a href="#">Show Plans</a>   <a href="#">About Silver Low</a>							
<b>STANDARD BENEFITS FOR ALL SILVER HIGH PLANS</b>							
<b>Silver High Benefits Package</b> 8 plans available	as low as <b>\$1,414</b>	None	\$2,000 (ind.) \$4,000 (fam.)	\$25 copay	\$15 copay	\$100 copay	\$500 copay
<a href="#">Show Plans</a>   <a href="#">About Silver High</a>							
<b>STANDARD BENEFITS FOR ALL GOLD PLANS</b>							
<b>Gold Benefits Package</b> 7 plans available	as low as <b>\$1,617</b>	None	None	\$20 copay	\$15 copay	\$75 copay	\$150 copay
<a href="#">Show Plans</a>   <a href="#">About Gold</a>							

\* Source: MA Commonwealth Connector (Exchange)

Continue

# Who will benefit from the Exchange?



- Individual eligible for premium assistance (based on household income and lack of access to minimum essential coverage through their employer)
- Individuals that do not qualify for Medicaid
- Small employers eligible for tax credits\*





# What will the Exchange do?



- “Front Door” access to coverage – public or private options and assistance for those options
- Direct outreach and enrollment assistance
- Plan management
- Standardize plan information – “apples to apples”
- Interact with state regulatory agencies



# Employer Plan Selection on the Exchange



## **Employers with fewer than 50 full-time employees have options:\***

- Purchase small group coverage for employees:
  - Employee-directed choice (HHS delayed until 2015); Employer-directed choice
- Send employees to individual exchange to purchase health insurance penalty-free (employees may be able to access premium assistance)

*\*Employers with fewer than 100 full-time employees will have the option to purchase small group insurance on the exchange beginning 2016 without penalty; however, sending employees to the individual exchange instead of furnishing group-sponsored coverage will result in penalties assessed on the employer.*



# Coverage on the Exchange (and off)



All plans are required to cover the “essential health benefits”

## Bronze

- 60% of healthcare costs covered

## Silver

- 70% of healthcare costs covered

## Gold

- 80% of healthcare costs covered

## Platinum

- 90% of healthcare costs covered

*\*Catastrophic coverage available only on the individual market and only to those aged 30 and under that are exempt from the individual mandate.*



# Coverage on the Exchange (and off)



## **Essential Health Benefits include all state mandates and all services and benefits in the following categories:**

- Ambulatory patient services
- Emergency services
- Hospitalization
- Laboratory services
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health services
- Pediatric services, including oral and vision care
- Prescription drugs
- Preventive and wellness services and chronic disease management
- Rehabilitative and habilitative services and devices



# Medicaid



- Expansion to 138% for all single, childless adults
- States receive 100% match for expansion population through 2016; step down to 90% in 2020 and thereafter
- Eligibility is not denied based on access to employer-sponsored coverage
- Premium subsidy unavailable

# The ACA in 2014



## **EMPLOYER OBLIGATIONS, COVERAGE REQUIREMENTS AND PENALTIES**



# Key ACA Provisions Impacting Employers



- Tax Credits for Health Benefits (Small Employers)
- Coverage Expansions and New Benefit Requirements
- New Administrative Requirements
- New Penalties on Employers (50 employees or more)



# Coverage Changes Impacting Employers



## 2010 Changes

- Lifetime limits eliminated
- Restrictions on annual limits
- Dependent coverage
- Preventive services
- EMS/OB-GYN preauthorization requirements
- Internal/External appeals

## 2011 Changes

- Medical Loss Reporting/Rebates
- HRA, FSA, HSA coverage and tax treatment changes

## 2013 Changes

- Uniform coverage information summaries
- Contribution limits on FSAs
- Eliminates tax deduction for Medicare Part D retiree drug subsidy

## 2014 Changes

- New employer coverage requirement – affordability test
- Essential Health Benefits compliance
- New wellness incentives
- Guarantee issue/rating restrictions
- Annual limits eliminated
- New deductible limits
- Clinical trial coverage
- Waiting period restrictions





# New Administrative Mandates

## W-2 Reporting

- Value of Benefits offered regardless of who paid the cost (employer or employee)
- Applicable to 2012 W-2 Forms (due January 1, 2013)
- Public, Private, and Non-Profit Employers with fewer than 250 W-2's filed in the preceding year exempt (until at least 2014)

## Employee Notification

- Applies to all employers, regardless of size, that offer health benefits and are subject to the FLSA
- Must provide standard information to employees about the exchange and employer shared responsibility obligations
- Provide notification of the exchange to all employees prior to October 1, 2013 (DOL has released model notices available at [www.dol.gov/ebsa](http://www.dol.gov/ebsa))

## Coverage Reporting

- Employer (50+) reporting to IRS on full-time employees, coverage and cost-sharing information for plan years beginning on or after January 1, 2014 (filed in 2015)
- Employer (50+) must report to each full-time employee employer contact and coverage information related to that employee and their dependents (2015)

## Automatic Enrollment

- Employers with more than 200 employees required to automatically enroll employees in employer-sponsored plan
- USDOL delayed 2014 effective date of provision until further notice



# Employer Size Matters in 2014

## Employers (less than 50 employees)

- Exempt from employer coverage responsibilities and penalties
- Eligible to purchase coverage on the Exchange beginning 2014
- Small employers (25 employees or less) eligible for tax credit to purchase coverage on the Exchange

## Employers (50 employees or more)

- Required to provide “affordable” coverage or be subject to penalties
- Employers with 100 employees or less eligible to purchase coverage on the Exchange beginning 2016; state option to open Exchange to larger employers in 2017
- No tax credit available



# The Employer “Mandate”



*Each employer with 50 full-time equivalent (FTE) employees must offer coverage minimum essential coverage to its full-time employees (and dependents). Failure to do so could result in a penalty.\**

## **\*Ways the Penalty Applies**

- 1. Employer does not offer coverage & *at least one full-time employee receives premium assistance on the exchange***
- 2. Employer does offer coverage, but coverage is unaffordable & *at least one full-time employee receives premium assistance on the exchange***



# Questions Employers Must Consider in 2013



1. Am I an Applicable Large Employer (meaning 50 FTEs or more)?



# Determining Employer Size



- **Full-Time Employee:** The ACA defines full-time employee as any employee that has worked an average of 30 hours or more for at least one week in a month.
- **Full-Time Equivalent (FTEs):** The ACA requires employers to account for FTEs by adding all of the hours worked by part-time employees (less than 30 hours/wk) and dividing by 120 (seasonal employees are exempt).



# Employer Size Determination Example



Employer has 35 full-time employees (all working more than 30 hours a week) and 21 part-time employees who all work 24 hours per week (or 96 hours per month).

## **Employer Size Calculation:**

***21 part-time employees x 96 hours = 1920***

***1920 / 120 = 16 Full-Time Equivalents***

***EMPLOYER SIZE = 35 FTs + 16 FTEs or  
51 Total Employees***



# Questions Employers Must Consider in 2013



2. If “yes” to Question #1, do I offer health benefits to my full-time employees (and their dependents)?

AND

3. If “yes” to Question #2, does my coverage meet the minimum essential coverage requirements?



# Minimum Essential Coverage



## Affordability Test

- A full-time employee's share of the premium cannot exceed 9.5% of W-2 wages or rate of pay.
  - Based only on employee-only coverage for any one plan offering
  - Wellness discounts (other than tobacco-related) may not apply

## Minimum Value Test

- Employer-sponsored coverage must cover at least 60% of plan's healthcare costs absent wellness incentives other than tobacco.
  - HHS provides a "minimum value" calculator to determine if plan meets this benchmark





# Affordability Test: Safe Harbor Approach



- Proposed regulations give wide flexibility on the application and compliance with this provision.
- Affordability applies to employee's cost for self-only coverage and only has to meet affordability under one plan option offered by the employer (HMO, PPO, HSA, HDHP).
- Three affordability safe harbor approaches offered:
  1. W-2 wage measurement
  2. Rate of pay measurement
  3. Federal Poverty Level measurement



# Examples of the Safe Harbor Affordability Test



**Employee A** earns \$87,000 a year and pays \$1,088 a month for family coverage.

Employee A's income is the only source of household income. Under the employer's benefit plan, the employee would pay \$625 a month for employee-only coverage.

- ***Employee A's** contribution is more than 9.5% of household income, but under the Safe Harbor method, because the employer's employee-only portion of the premium is less than 9.5% of the employee's W-2 wages, the employer's coverage is deemed affordable and the employee is not eligible for a Premium Tax Credit. Therefore, no penalty is assessed.*



## Examples of the Safe Harbor Affordability Test



**Employee B** is paid \$13.25 an hour and pays \$120 a month for employee-only coverage under their employer's plan.

- *Employee B's premium contribution based on the formula for rate of pay ( $\$13.25 \times 130$ ) is approximately 7% of their rate of pay. The employer's coverage is affordable and the employee is not eligible for a Premium Tax Credit. Therefore, no penalty is assessed.*



# Examples of Affordability with Wellness Discount Considerations



**Employee A** earns \$35,000 per year (or \$2,916.67/month) and is a smoker that must contribute \$370/month towards employer-sponsored coverage. The employer's plan charges non-smokers \$270/month for coverage.

- ***Employee A's** share of the premium is greater than 9.5%, but because the employer's plan charges \$270/month for non-smokers, the affordability is allowed to be determined on the non-smoker charge and the coverage is therefore, deemed affordable.*



# Examples of Affordability with Wellness Discount Considerations



**Employee B** earns \$35,000 per year (or \$2,916.67/month) and is enrolled in the employer's weight loss plan in order to reduce their monthly premium contribution by \$50 to \$250/month. Non-participants (those that are not already at a healthy weight) must contribute \$300/month towards their employer-sponsored coverage.

- ***Employee B's** share of the premium is less than 9.5%, but because the employer's plan charges \$300/month for non-participants, the affordability is based on the non-participating rate and is therefore, unaffordable because it exceeds 10% of the employee's rate of pay.*



# Questions Employers Must Consider in 2013



4 . If “no” to Question #2 and #3, how many full-time employees might qualify for a premium subsidy?

*If state expands Medicaid eligibility to all adults at or below 138% of Federal Poverty Level, then only those employees between 139% FPL and 400% FPL will qualify for a subsidy. No penalty is assessed for Medicaid enrollment.*



# Penalty Treatments



## No Coverage Offered

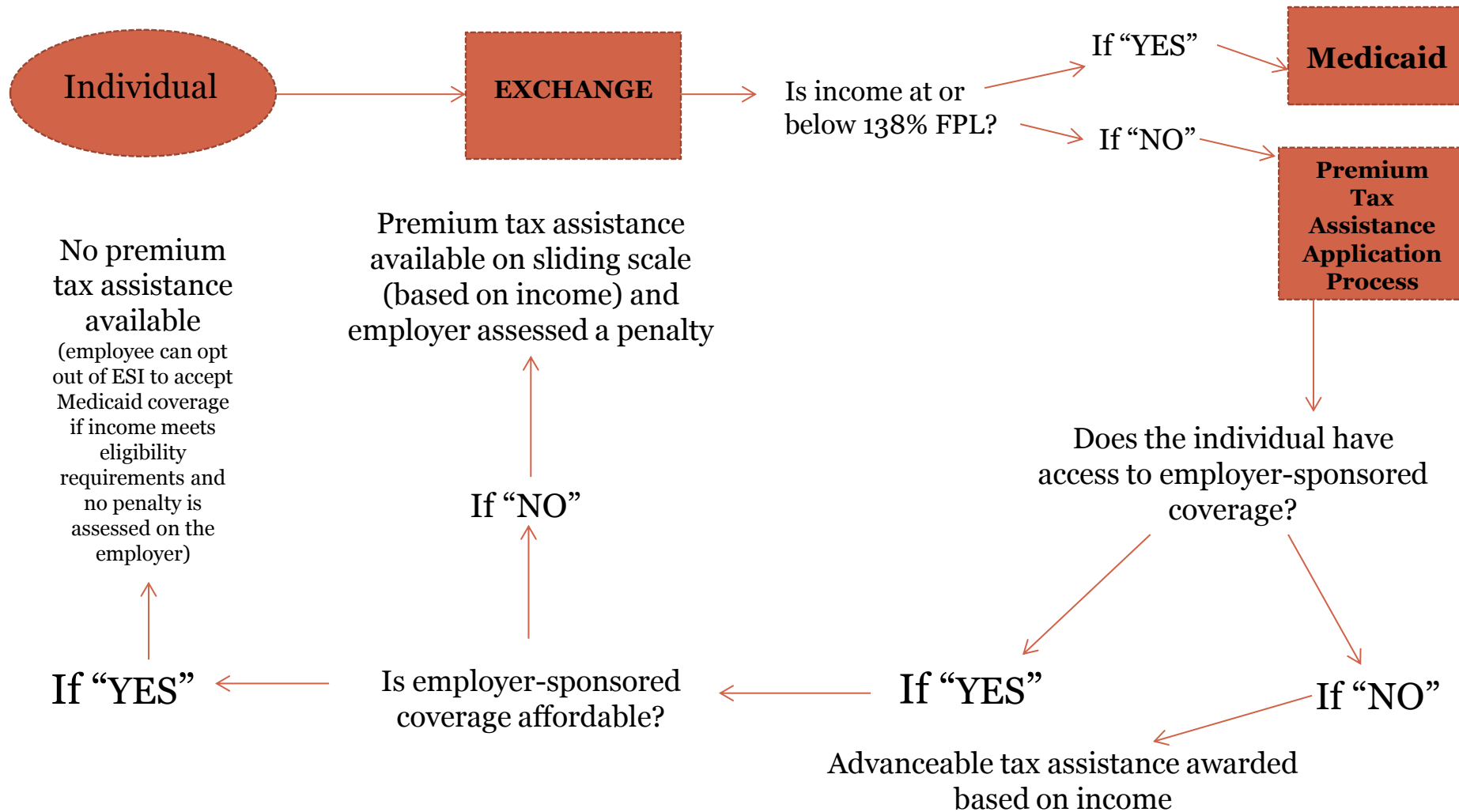
- Penalty assessed ONLY IF at least one full-time employee receives premium assistance to purchase coverage on the exchange:
  - \$2,000 x number of FTs (non-seasonal) (*first 30 employees are exempt from calculation*)

## Inadequate Coverage

- Penalty is assessed ONLY IF one or more full-time employee receives premium assistance to purchase coverage on the exchange:
  - The lesser of \$3,000 per employee receiving premium credit or \$2,000 x number of FTs - 30



# Access to Exchange Premium Subsidies and Relation to Employer Penalties





# Employer Penalty – No Coverage Offered



Employer has 51 full-time equivalent employees, 35 of which are full-time. One full-time employee qualifies and accepts premium assistance to purchase coverage on the exchange:

## **Employer Penalty Calculation:**

***$(35 - 30 \text{ (first 30 FTs deducted)}) \times \$2,000 =$***

***\$10,000 annual penalty or \$833.33 per month***



# Employer Penalty – Inadequate Coverage



Employer has 51 full-time equivalent employees, 35 of which are full-time. One full-time employee pays 10% of his rate of pay towards the employee-only plan and accepts premium assistance to purchase coverage on the exchange:

**Employer Penalty Calculation:**  
***1 full-time employee x \$3,000 =***

***\$3,000 annual penalty or \$250 per month***



# Regulatory Tools for Employee Classification



Is the employee FT, FTE, or PT?

- **Measurement Period** = Did the employee average at least 30 hours per week (measurement allowed between 3 and 12 months)?
- **Stability Period** = If yes to above, employee must be treated as a FT/FTE employee for coverage/penalty purposes for at least 6 months, but not more than 12 months (regardless of hours averaged during this period).

*Measurement period must be applied uniformly to all employees in the same category, including salaried employees and hourly employees; collectively-bargained and non-collectively bargained employees; employees of different entities and those located in different states.*



# Regulatory Tools for Employee Classification and Benefit Offerings



- **Administrative Period** = Up to 90 days allowed to be used between conclusion of measurement period and associated stability period.
- **Waiting Period for Coverage** = Limited to no more than 90 days after a new employee becomes eligible for employer-sponsored coverage.



# Determination & Potential Application of Employer Penalties by Categories of Employees



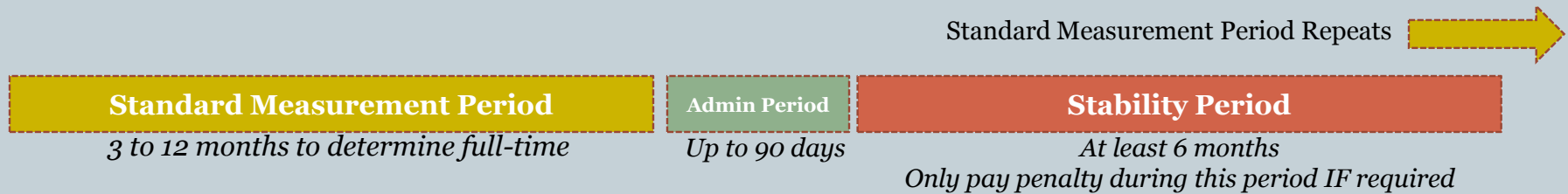
Employee category	How is this category of employee used to determine “large employer”?	Once an employer is determined to be a “large employer,” could the employer be subject to a penalty if this type of employee received a premium tax credit?
Full-time	Counted as one employee, based on a 30-hour or more work week (or 130 hours per month)	YES
Part-time	Prorated (calculated by taking the hours worked by part-time employees in a month divided by 120)	NO
Seasonal	Not counted, <u>for those working less than 120 days in a year</u>	Not likely under current “safe harbor” option
Temporary Agency Employees	Generally, counted as an employee of the temporary agency (except for those workers who are independent contractors)*	YES, for those employed by the temporary agency AND who are determined to be full-time, on average, for up to 12 months
Franchise Employees	For franchise owners, if they own more than one entity, all employees across the entities must be counted	YES, for those counted as working for the franchise and who are full-time, on average, for up to 12 months

\* The controlled group rule applies under certain sections of the Internal Revenue Code and includes employees of partnerships, proprietorships, etc., which are under common control by one owner or group of owners.

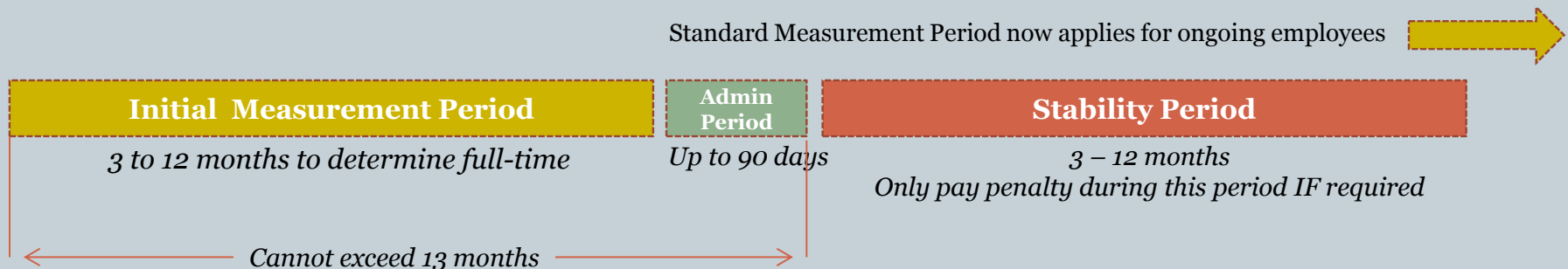
# Determining Full-Time Employees



## On-Going Employee



## Variable Hour & Seasonal Employees



# Time Frame for Determining Full-Time Status



	MEASUREMENT PERIOD	ADMINISTRATIVE PERIOD	STABILITY PERIOD
<b>Definition</b>	Measure (on average) whether employees are full time or not	Identify and enroll full-time employees	Period in which penalty may be due relative to employees found to be full-time during the measurement period
<b>On-Going Employees</b>	3 – 12 months (standard measurement period)	Up to 90 days (may neither reduce nor lengthen the measurement or stability period, but can overlap prior stability period)	AT LEAST 6 months, but cannot be shorter in duration than the measurement period
<b>New employees hired as full-time</b>	Not applicable	Up to 90 days to enroll	Not applicable
<b>New variable hour and seasonal employees</b>	3 – 12 months (initial measurement period)	Up to 90 days (measurement period and administrative period cannot exceed 13 months)	3 – 12 months, but cannot be longer than the measurement period

# Employee Classification & Coverage Eligibility - Example



**Employee A** was hired as an IT specialist at Widgits, Inc. on January 1, 2014 as a full-time employee (expected to average 30 hours per week or more). Widgits, Inc. can apply a 3-month waiting period for coverage before offering the employee (and their dependents) health benefits. During this 3-month period, the employer – Widgits, Inc. – is exempt from the employer pay or play mandate.





# Employee Classification & Coverage Eligibility - Example



**Employee A** was hired as an IT specialist at Wigits, Inc. on January 1, 2014, but as a part-time specialist with fluctuations in hours of service expected. Wigits, Inc. applies a 9-month look-back period during which employee A ends up averaging 30 hours a week (or 130 hours a month). Employee A would then be considered a full-time employee and after applying a 90-day administrative period, Wigits, Inc. enrolls employee A in their health benefits effective January 2, 2014. Wigits, Inc. is not penalized for failing to offer coverage during the 12-month look-back and administrative periods for that employee, but must maintain the employee as full-time, regardless of hours worked, for at least 12 months (stability period).



# The ACA in 2014



## THE CHALLENGES AND OPPORTUNITIES AHEAD: KEY TAKEAWAYS



# Key Changes for Employers This Year



- W-2 Reporting of Coverage (250 or more) – 2013
- Uniform summary of benefits to enrollees (9/23/12) – 2013
- Contribution limits on FSAs – 2013
- Tax deduction for Medicare Part D retiree drug subsidy eliminated – 2013
- Employee notification of Exchange option and employer shared responsibility obligations – 2013
- Employer size in 2014 is determined by workforce THIS YEAR.



# Key Changes for Employers in 2014



- New coverage/employer shared responsibility penalties kick-in (50 and over) – 2014
- New state/federal health benefits exchange opens for business (less than 50) – 2014
- Employer reporting on minimum essential coverage and affordability – 2014/2015
- Coverage changes (guaranteed issue, annual/lifetime limits, waiting period limitation, modified community rating, cost-sharing limits) – 2014
- Small employer tax credit (less than 25) to purchase on the Exchange – 2014



# Considerations for All Employers



Employers (less than 50 employees)	Employers (50 or more) – No Coverage Offered	Employers (50 or more) – Fully Insured	Employers (50 or more) – Self-Insured
<ul style="list-style-type: none"> <li>• Purchase small group coverage on the Exchange?</li> <li>• If Exchange, select plans for employees or allow employees to choose?</li> <li>• If no coverage offered – employees pay individual penalty or purchase individual policies on Exchange or private market</li> </ul>	<ul style="list-style-type: none"> <li>• Assess employee demographics – eligibility for premium tax credits?</li> <li>• Pay the penalty or begin offering coverage (purchased on private small group market) to avoid penalty?*</li> </ul> <p><i>* Employers with less than 100 employees can begin purchasing coverage on the Exchange beginning in 2016.</i></p>	<ul style="list-style-type: none"> <li>• Assess cost-sharing and benefits to determine “affordability”</li> <li>• Assess employee demographics – eligibility for premium tax credits?</li> <li>• Weigh the options - keep coverage or drop coverage, pay penalty, and send employees to shop on the Exchange?</li> <li>• Are there other benefit options?</li> </ul>	<ul style="list-style-type: none"> <li>• Assess cost-sharing and benefits to determine “affordability”</li> <li>• Assess employee demographics – eligibility for premium tax credits?</li> <li>• Weigh the options - keep coverage or drop coverage, pay penalty, and send employees to shop on the Exchange?</li> </ul>



# Key Takeaways



- Know your numbers – 2013 determines size in 2014!
- Know your benefits
- Eligibility for the small employer tax credit?
- **Develop communication strategy!**
- Consult with professionals!



# Key Takeaways



- The next three years will likely involve a lot of “trouble-shooting” for everyone
- Employees are just as likely to be as confused and overwhelmed (if not more so) than the employer
- Complex and confusing regulations and guidance DOES NOT mean that reality has to be that confusing and complex
- Agility and patience will be key



# List of Resources



- IRS resources on ACA provisions:  
<http://www.irs.gov/newsroom/article/0,,id=220809,00.html>
- US Department of Labor – Employee Benefits Security Administration (EBSA): <http://www.dol.gov/ebsa/>
- Healthcare.gov implementation resources:  
<http://www.healthcare.gov/law/resources/>
- Center for Consumer Information and Insurance Oversight (CCIIO): <http://cciio.cms.gov/>
- Kaiser Family Foundation Health Reform Source:  
<http://healthreform.kff.org/>





# Questions?



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